

## **Corzine, 19 Other Senators Want 30-Year Bond Revived**

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James Tyson, Bloomberg News

June 9 (Bloomberg) – A bi-partisan group of 20 U.S. senators plans to call on Treasury Secretary John Snow to resume the sale of 30-year bonds, which the government said last month it would consider issuing after a four-year hiatus, an aide to Senator Jon Corzine of New Jersey said.

“The strong demand for such a long-dated security makes it an attractive option for managing the national debt in the most efficient way possible,” says a letter signed by members of the Senate banking and finance committees and co-written by Corzine, a Democrat, and Senator Michael Crapo of Idaho, a Republican.

The senators, who are seeking more signatures on the two committees, plan to submit the letter to Snow today or tomorrow, Corzine spokesman Anthony Coley said in Washington today. Coley provided a copy of the letter to Bloomberg News.

The Treasury, seeking to finance record budget deficits, said May 4 it may consider resuming sales of the 30-year bonds. After the comment, prices fell on existing 30-year bonds, a benchmark for the \$4 trillion government debt market for more than two decades.

“The 30-year Treasury bond is unique as the only long- dated, risk-free dollar asset,” says the letter signed by eight Republicans and 12 Democrats on the two committees. “Investors such as pension funds, life insurance companies and others with long-term obligations have a strong need for high-quality, long- term assets.

“This strong demand will help keep the yield on newly issued 30-year bonds low and

allow the federal government to borrow at lower rates,” the letter says.

### **Record Deficit**

The budget deficit rose to a record \$412 billion last year. Reviving the bond would help the Treasury finance shortfalls, projected to last the rest of this decade, at long-term interest rates that are now around their lowest level since mid-2003. Treasury said last month it won’t decide whether to sell the 30- year bond until Aug. 3.

The Democrats who have signed the letter to Snow include Max Baucus of Montana, the senior Democrat on the Finance Committee; Kent Conrad of North Dakota; and Charles Schumer of New York, Coley said. Among Republicans, Rick Santorum of Pennsylvania, the Senate’s No. 3 Republican; Robert Bennett of Utah; and John Sununu of New Hampshire have signed the letter.

“The 30-year bond serves as a valuable instrument for both the federal government and the financial markets, and we encourage Treasury to reinstate it,” the senators say in the letter.

Securities dealers and investors sought the return of the so-called long bond, which became the mainstay of government financing after it was introduced in 1977.

Treasury halted sales of the security on Oct. 31, 2001. Peter Fisher, the undersecretary for domestic finance at the time, said the bond was too costly and demand was too weak.

—With reporting by Simon Kennedy in Washington. Editors: Burgess, Schoifet.